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monthly

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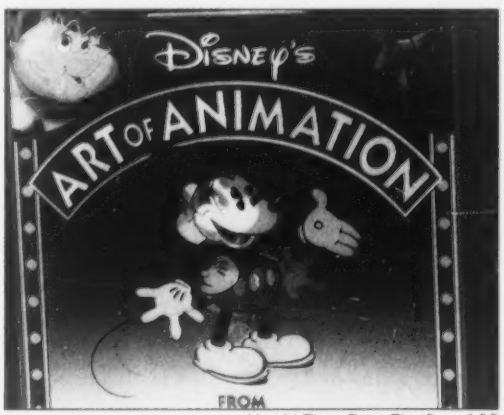

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Scholarship Search

Editor:

As the new business manager for the National Scholarship Trust Fund, I am compiling a history of all our current scholarships; since some were established through wills many years ago, we have very few records on file of the donors.

John A. Burgess, president of Graphic Arts Technical Foundation, parent organization of NSTF, suggested I contact you to see if you could help me with the more difficult ones.

I need information on the following: (1) John and Grace Goessele (he was president of Printing Industries of Illinois); (2) Norman (died in 1964) and Gertrude Jacobsen (died in 1991); and (3) Myron F. and Louis I. Lewis. For each of these I need biographies and obituaries, plus photographs if they are available.

Also, I am searching for pictures of A. Stull Harris and Harry A. Porter.

This is a very important project. If you can help me with this information or provide me with another contact, I would appreciate it very much.

Vicki L. Stone
Business Manager
National Scholarship Trust Fund
of the Graphic Arts
Pittsburgh, Pa.

Myron F. and Louis I. Lewis were sons of the founder of Graphic Arts Monthly, Abraham F. Lewis, and principals in the family business, Graphic Arts Publishing Company, Chicago.

The two were very active in industry organizations, including the Printers Supplymen's Guild, International Association of Printing House Craftsmen, National Scholarship Trust Fund, Graphic Arts Technical Foundation, and Printing Industries of America.

To honor their father, in 1950 they established the annual A.F. Lewis Memorial Graphic Arts Executive of the Year award. After Myron died in 1968 and Louis in 1973, the award was expanded to memorialize all three Lewises. The award continues to be sponsored by GAM and is now administered each year by PIA.

Readers who have information about the other individuals are asked to contact Vicki Stone at NSTF at 4615 Forbes Ave., Pittsburgh, Pa. 15213- 3796, telephone (412) 621-6941.

Card Confusion

Editor:

The article in your December, 1991, issue entitled "Cards Compete in New Outlets", contains several significantly incorrect quotations that were attributed to me.

The article states that Gibson uses vat dyed envelopes; this is completely incorrect. Gibson is very proud of the fact that we produce *all* of our colored envelopes with *water-based inks* utilizing in-house technology. We feel we are ahead of our industry in this area, and we believe that this is a significant benefit to the environment compared to some of our competitors, who are using solvent-based inks or vat dyed envelopes.

Secondly, I was misquoted regarding the use of recycled papers in seasonal production, such as Mother's Day. In fact, Gibson has a sizeable portion of its Mother's Day production for 1992 dedicated to recycled paper. The apparent quotation incorrectly creates the perception that Gibson is not producing Mother's Day cards on recycled paper. This is definitely not true.

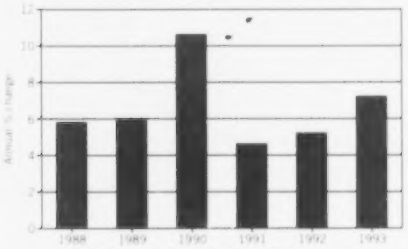
Arthur A. Slouka
Sr. Vice President, Operations
Gibson Greetings
Cincinnati, Ohio

GAM regrets any misunderstanding and hopes this sets the record straight.

Correction

In the December marketing report on Quick Printing, a line in the Mid Atlantic region box listing the Top Ten quick printers in the region was dropped at the printers, causing some confusion. At $3-10 million in sales, Printer's Places, *of* Philadephia, *and* Triangle Reprocenters, Princeton, N.J. *were number two and three on the list, respectively, following leader Pro Print of New York, at $10-20 million in sales. GAM regrets any confusion caused by the misprint.*

5.2% Rise in '92 For Print Products

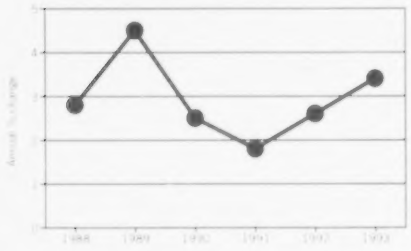


Printing & Publishing Shipments

Source: U.S. Dept. of Commerce Forecast: Cahners Economics

Following on the heels of a sluggish economy, the printing and publishing industry has had a rough time over the past year. Total shipments of printing and publishing products rose an estimated 4.6% in 1991, less than half the growth of the previous year. In fact, 1991 marks the weakest year for printing and publishing in more than a decade. Most of this slow growth stems from the other category. For the year in 1991, shipments of newspaper, books, and periodicals are headed for a solid 8.9% increase. Meanwhile, shipments of other printed products grew only 0.6%. Over the coming year, activity will improve only slightly, as the general economy tries to pull itself out of the downturn. Printing and publishing shipments are expected to gain 5.2% by the end of 1992. Newspapers, books and periodicals shipments will post a 7.5% rise, while other shipments grow 2.9%. By 1993, stronger growth is projected, with total shipments increasing 7.2%.

Commercial Print Prices Ease



PPI–Commercial Printing

Source: U.S. Dept. of Labor Forecast: Cahners Economics

Along with sluggish activity levels, production price inflation has eased. Producer prices in the commercial printing sector increased about 1.8% last year, the smallest gain since 1987. In comparison, prices have increased an average 3.3% in each of the prior three years. Producer prices have been allowed to decline as the cost of inputs have calmed. For example, prices of paper actually declined over the past two years. The outlook for paper prices is continued slow growth; with ample capacity and sluggish demand, it is expected that paper manufacturers will not be able to pass along large price increases. Ink prices continue to post substantial gains but the rate of growth is slowing. After rising 6.1% in 1991, ink prices will gain 3.9% in 1992. Over the next two years, commercial printing price inflation is expected to slowly pick up steam. Cahners Economics projects growth of 2.6% in 1992 and 3.4% in 1993.

In its worst performance in more than a decade, the printing and publishing industry continues at a slow ppace. The latest production and shipment data seem to indicate that activity has bottomed out and will not worsen. However, significant improvements will not appear for at least another six months. Fortunately, price increases remain low, and price inflation will not be a problem for some time. Overall, 1992 looks like a flat year for commercial printing, another poor year for the newspaper sector, and a comparatively good year for book and periodical publishing.

PRINTING ACTIVITY INDICATORS

				Annual Percent Change			
Industrial Production (1)	**Oct 90**	**Sep 91**	**Oct 91**	**1990**	**1991**	**1992**	**1993**
Printing & Publishing	112.9	113.1	113.9	3.1	-0.6	0.9	4.3
Newspapers	93.8	92.2	93.3	-1.0	-7.8	-3.0	2.3
Periodicals, Books, Cards	129.8	132.4	133.3	5.7	4.1	3.7	4.8
Job Printing	114.3	114.2	114.7	3.8	0.0	-0.2	4.6
Shipments (2)							
Printing & Publishing	na	na	na	10.6	4.6	5.2	7.2
Newspapers, Books, Periodicals	na	na	na	4.9	8.9	7.5	7.6
Other Publishing & Printing	na	na	na	16.4	0.6	2.9	6.8
Producer Prices (3)							
Commercial Printing	128.9	130.1	130.3	2.5	1.8	2.6	3.4
Printing Trades Machinery	125.5	126.8	127.3	1.6	1.4	2.4	2.5
Printing Ink	122.2	129.9	129.2	4.9	6.1	3.9	4.5
Paper	130.1	126.1	125.6	-0.6	-0.4	3.9	4.9

(1) Index 1987 = 100. Federal Reserve Board. (2) Billions of current dollars. U.S. Dept. of Commerce. (3) Index 1982 = 100. U.S. Dept. of Labor.
na = data not available for publication.
All forecasts by Cahners Economics.

graphic arts monthly

High Profile For Insurance

Here's a prediction: before 1992 is over, the insurance industry is going to get more news coverage than it has in any single year in recent memory, and perhaps in its entire history. For one thing, this is an election year, and the campaign will be largely waged over domestic issues. Two of the most conspicuous of those issues, at least as of press time, are health care costs and the general state of the economy.

The insurance industry is intimately bound up with both of those issues. Treatment for even a comparatively minor medical emergency can easily involve costs running up to tens of thousands of dollars. Americans who suffer a severe, protracted illness or a more serious injury are looking at bills for not tens, but *hundreds of thousands* of dollars.

Except for a small number of the very rich, no one can pay these bills, of course, which is where insurance comes in. Paying for medical care really means paying insurance premiums; how and by whom that is to be done is being hotly debated.

As to the general economy, insurance companies play a major role in it because they behave in many ways like banks. They take in money from policy holders and hang onto it until they have to pay it out in claims. Meanwhile, they invest it; insurance companies rank among the largest holders of equity in the American economy, just like banks, and savings and loan institutions. (The life insurance industry was holding assets valued at more than $1.5 trillion in 1991.) And, just as in banking, questions are being raised as to the value of some of that equity, such as real estate and high-risk corporate bonds.

> Insurance will get more news coverage in '92 than in any year in recent memory.

The insurance industry buys close to a half-billion dollars of commercial printing every year. It's a widely dispersed industry. There is a concentration of the larger carriers in New England (this month's Regional Update), specifically in and around Hartford, Conn., where many of today's modern insurance practices were developed. While the most common types of insurance company deals with life, health, and catastrophe (fire, marine, and casualty insurance), there are numerous smaller specialties.

Reprints of this installation may be ordered from Cathy Dionne, Cahners Publishing, Reprint Department, 1350 E. Touhy Ave., Des Plaines, Ill., 60018. She can be reached by calling (800) 523-9654 in the U.S.; Canadian readers call (708) 390-2777.

Anne Guzman

By Peter Johnston
Special Projects Manager

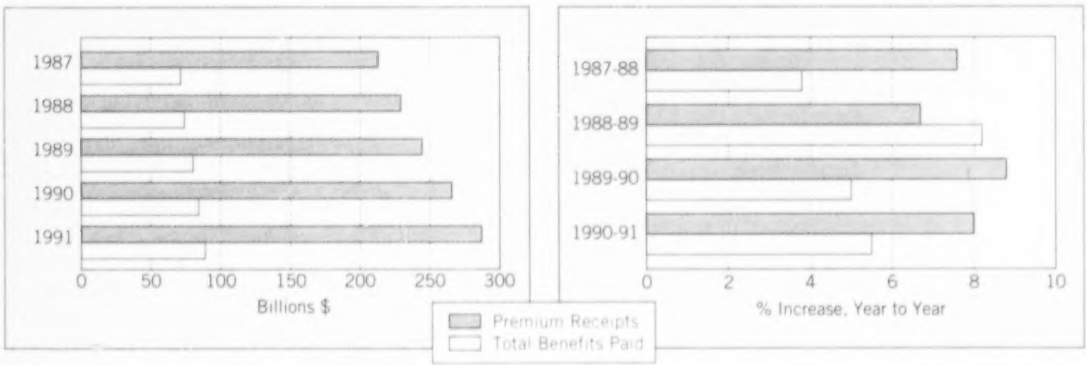
Insurance at a Glance

With over two million employees, insurance is the second-largest industry in its classification (Finance, Insurance, and Real Estate) and one of the top 20 in the U.S. (measured by employment). Service industries tend to be much larger than manufacturing industries; printing, for instance, though one of the larger manufacturing industries in the nation, employs fewer than one million. Insurance is the tenth-largest printing customer to be covered in this series; its annual purchases from printers total $422 million.

Total Establishments: 145,033
Employees: 2,012,419
Total Annual Payroll: $35,602,609,000

Industry Financial Outlook

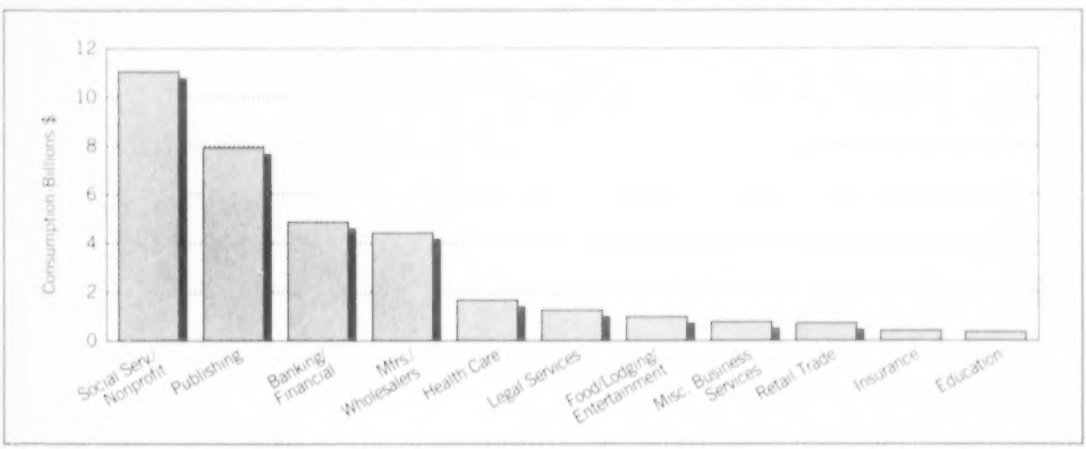
The insurance industry and the Department of Commerce use a number of financial yardsticks to measure the overall performance of the industry. At first glance it appears to be in excellent shape, at least by an admittedly crude measure: income (premium receipts) has been growing at a faster rate than outgo (total benefits paid).

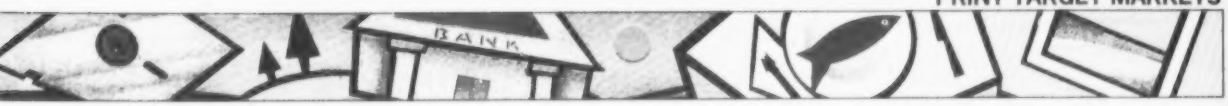


Charts and graphs by Lisa Hilgers

Ranking of the Print Target Markets

Industries to be covered in the Print Target Markets series in 1992 were selected from a DRI/McGraw-Hill listing of the largest purchasers of goods and services from commercial printers. This list was further refined by the editors, primarily by the elimination of industries that are not logical targets for small- to medium-size commercial printers. The resulting list represents more than a third of all business-to-business printing sales.

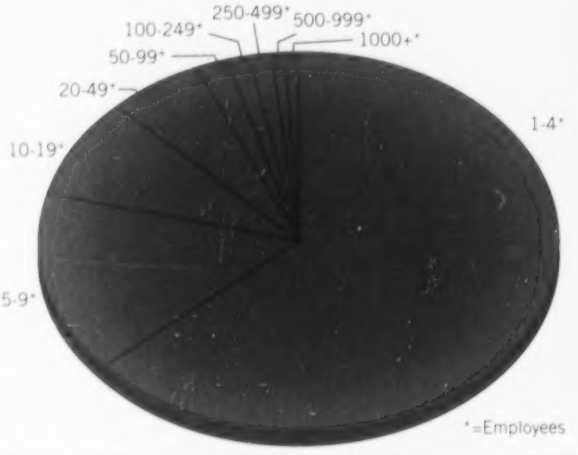




Insurance Industry Sites by Employee Size

Of the more than 100,000 establishments in Standard Industrial Classification Groups 63 and 64—Insurance Carriers, Agents, and Brokers—90% have fewer than 20 employees; 65%, in fact, have fewer than five employees. In terms of total industry employment, however, more than 50% of insurance carrier employees work in establishments with 250 or more employees; 29% work in facilities with 1,000 or more employees.

1-4 Employees	94,570	65.2%
5-9 Employees	23,142	15.9%
10-19 Employees	13,032	8.9%
20-49 Employees	8,702	6.0%
50-99 Employees	2,877	2.0%
100-249 Employees	1,719	1.2%
250-499 Employees	514	0.4%
500-999 Employees	273	0.2%
1000+ Employees	204	0.14%



Industry Structure

Establishments in the insurance industry are divided into two general categories: insurance carriers (SIC group 63), and insurance agents, brokers, and services (SIC group 64). The Department of Commerce maintains separate listings for the following: life insurance, medical and health insurance, accident and health insurance, hospital and medical service plans, fire, marine, and casualty insurance, surety insurance, title insurance, pension, health, and welfare funds, and other ("Insurance carriers, not elsewhere classified"). Agents and brokers are lumped together, regardless of what they provide. They are also grouped together with regard to type of work situation, as compared to insurance carriers (see "Insurance Establishments by Employee Size"). For agents and brokers, 50% of workers are employed in sites with fewer than 20 employees and only 13% in sites with 250 or more.

Of these two categories, agents and brokers have far more establishments than insurance carriers (105,133 vs. 39,900). The carriers being much larger enterprises, however, they have more total employees (1.3 million vs. 686,000). Carriers proportionately consume somewhat more printing than brokers and agents, which typically purchase the same printing products as any small business (stationery, short-run forms, etc.) Note: insurance carriers tend to have extensive in-plant printing operations, decreasing the amount of commercial printing they buy.

Category	Number of Establishments
Insurance Carriers	39,900
Life Insurance	14,445
Medical Service and Health Insurance	2,113
Accident and Health Insurance	1,169
Hospital and Medical Service Plans	937
Fire, Marine, and Casualty Insurance	16,187
Surety Insurance	503
Title Insurance	3,030
Pension, Health, and Welfare Funds	2,622
Other Insurance Carriers	262
Insurance Agents, Brokers, and Service	105,133

Regional Distribution

Region	Insurance Carriers	Agents & Brokers
New England	2,155	5,677
Middle Atlantic	6,185	16,296
East North Central	6,903	18,188
West North Central	2,913	7,675
South Atlantic	6,742	17,767
East South Central	2,514	6,623
West South Central	4,428	11,670
Mountain	2,155	5,677
Pacific	5,905	15,560

Source: Estimate based on U.S. Department of Commerce figures

Key to Regions

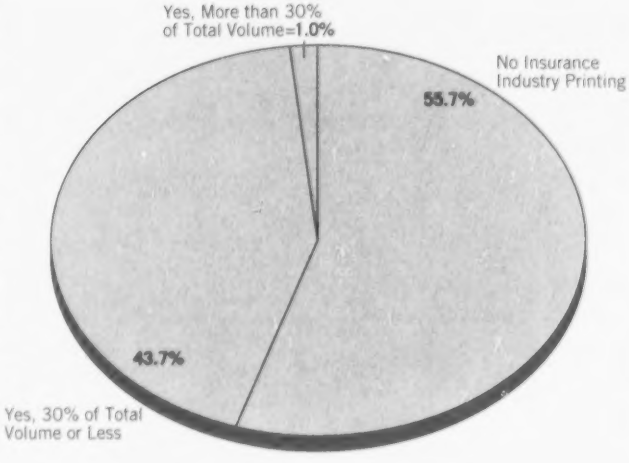
The nine geographic regions, as referred to throughout this survey:

New England (NE): Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont. **Mid-Atlantic (MA):** New Jersey, New York, Pennsylvania. **South Atlantic (SA):** Delaware, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, Washington, D.C., West Virginia. **East South Central (ESC):** Alabama, Mississippi, Kentucky, Tennessee. **East North Central (ENC):** Illinois, Indiana, Michigan, Ohio, Wisconsin. **West North Central (WNC):** Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota. **West South Central (WSC):** Arkansas, Louisiana, Oklahoma, Texas. **Mountain (M):** Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming. **Pacific (P):** Alaska, California, Hawaii, Oregon, Washington.

Does Your Firm Work for this Industry?

To measure the breadth of the insurance industry's impact on commercial printing, small and medium-sized commercial printers across the country were surveyed. Printers to be surveyed were selected on a random (every nth name) basis from the current circulation list of GAM. Nearly 45% of printers responding to the survey reported doing at least some work for the insurance industry.

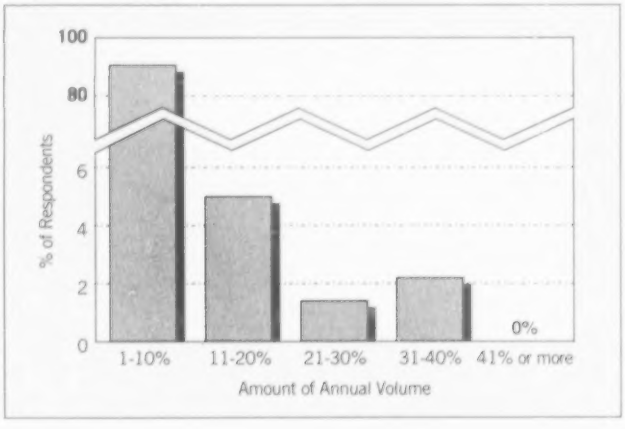
This was expected. As noted earlier, the insurance industry is widely distributed across the U.S. While the carriers themselves tend to be clustered in certain spots, representatives, brokers, and agents can be found virtually every place in the country where people live or do business. Life insurance assets have been growing at a fast pace, 10.2% from 1989 to 1990, and 9.8% 1990-1991. Still, the industry's short-term prospects are somewhat mixed.



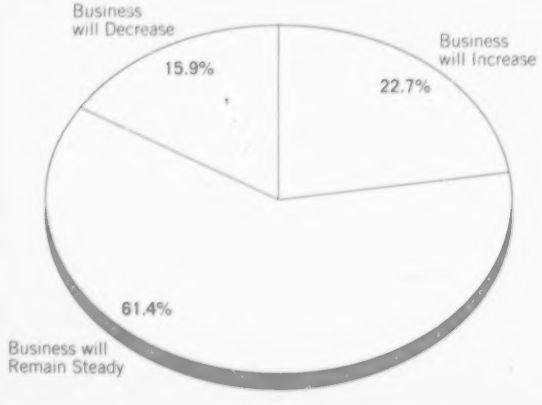
If So, How Much of Your Annual Volume is Insurance Printing?

For most respondents, printing for the insurance industry represents a relatively small portion of total annual sales: over 90% of responding printers derive less than 10% of their business from it. This is fairly typical of small commercial printers, who tend to have a diverse customer base of relatively small accounts. Unlike other industries, there were almost no respondents deriving a major part of their business from insurance, probably because of the industry's propensity for doing its own in-plant printing.

This may change as insurance companies explore "outsourcing," or using commercial vendors to do work traditionally done in-plant. While it's too early to make any definitive statement, there is some evidence that printing, particularly data-intensive mailing jobs, is moving out of the in-plant in the insurance industry.



Will your insurance business rise or fall?



Printer-Supplied Products for Insurance

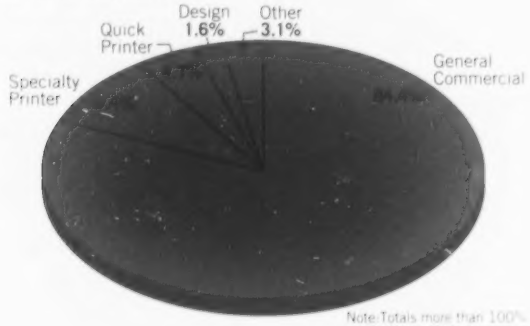
The insurance industry apparently consumes more or less the same types of printing as any other business. It is interesting to note how much business forms printing is done by small commercial firms; this is work that does not appear in industry statistics for business forms printing as a category.

In a business (insurance) that depends heavily on personal contact and customer satisfaction, the other top categories come as no surprise.

Stationery and Business Cards	84.9%
Business Forms	64.7%
Advertising Sheets, Pamphlets, or Brochures	51.8%
Unbound Non-Advertising Material	27.3%
Miscellaneous Non-Printing Services	20.9%
Bound Publications	10.8%

Regional Update/ New England

Type of Company

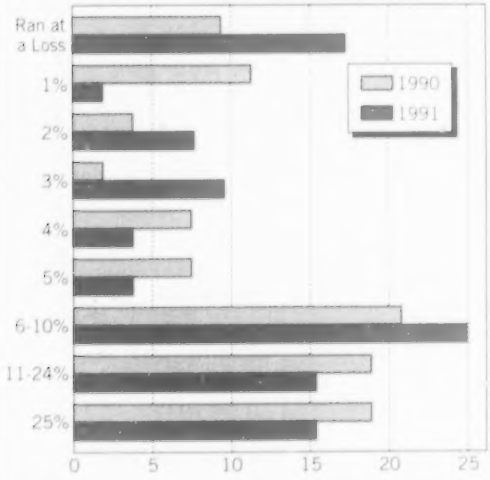


Profile of Respondents

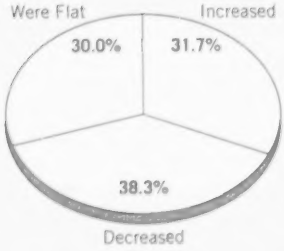
Commercial printers in New England responding to a recent mail survey reported year-over-year changes in their annual sales, profitability, and operating capacity. They also revealed how they perceived the outlook for business in their area. Note that 1991 gross sales were estimated.

Gross Sales in 1991		# of Employees	
Less than $500,000	73.0%	1-4	59.4%
$500,000-749,999	9.5%	5-9	20.3%
$750,000-999,999	6.3%	10-19	18.8%
$1 million-2,499,999	11.1%	20 or more	1.5%

Profit as a Percent of Gross Sales, 1990



How Sales Changed, 1990 to 1991



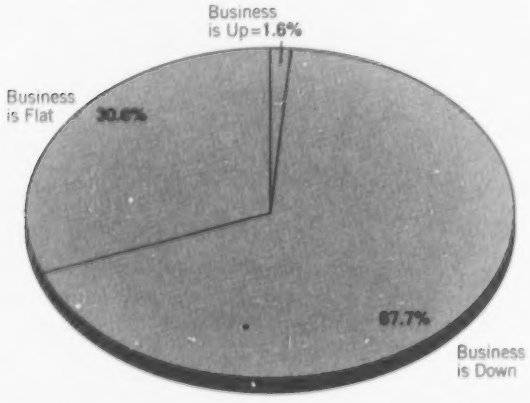
1989 to 1990

Sales Increased	45.3%
Sales Decreased	28.4%
Sales Were Flat	26.3%

If Sales Increased 1990-1991, How Large Was Increase?	
Less than 5%	5.3%
5-10%	52.6%
11-20%	15.8%
21-50%	26.3%
More than 50%	0%

If Sales Decreased 1990-1991, How Large Was Decrease?	
Less than 5%	8.7%
5-10%	26.1%
11-20%	34.8%
21-50%	26.1%
More than 50%	4.3%

Perception Index



Comments by Printers

- Excellent opportunities are available for the entrepreneur with some money behind him.
- Unless the economy picks up across the board, business will stay sluggish for 1992.
- I am very discouraged. This is a family business since 1940; I would sell if I could.
- We seem to be holding our own despite cut-throat "quick printers" in the general area.
- Due to high wages and competitiveness, many firms are closing, a plus for us.
- I still believe the Northeast is in a recession. My goal is to stay in business in 1992.
- Presently it's survival of the fittest. Only the mean and lean are in operation today. And there's no fluff in the price of a job.